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STATE FOR PM/DTTC

E.O. 12958: N/A
TAGS: [ETTC](#) [KOMC](#) [IS](#)
SUBJECT: BLUE LANTERN BROKER INQUIRY -- CASE NO. K-2400

REF: STATE 100105

1. (SBU) Summary: FMS Aerospace is a two-person intermediary in the field of aerospace and defense favorably known to Post. According to owner Tal Barak, FMS Aerospace has no interest in handling nor possesses the facilities to store U.S. Munitions List (USML) controlled items. Barak acknowledged limited knowledge of U.S. export control regulations, no contact with the MOD Defense Export Control Directorate, and little interest in pursuing business ventures requiring export licenses. Barak did not understand why a principal -- L3 Communications -- requested FMS Aerospace obtain a U.S. brokering license. He acknowledged payment difficulties with the license application, and had all but abandoned the application until contacted by emboffs. Barak was willing to resume the application process via alternate payment methods, but has several additional questions regarding his application. End summary.

2. (SBU) Per reftel, Polmiloff and FSC senior commercial specialist met with Mr. Tal Barak, owner of FMS Aerospace LTD, at his offices located at 12 Kehilat Venezia Street, Tel Aviv on October 6. Barak's FMS Aerospace LTD is favorably known to Embassy Tel Aviv's Commercial Section; Post does not possess any information of criminal or derogatory background regarding the company. Barak said he formed FMS Aerospace in 2002 after several years working as an independent consultant. According to Barak, FMS Aerospace currently has two employees -- including himself -- who rely exclusively on their electronics expertise resulting from university and military service.

3. (SBU) Barak said that FMS Aerospace deals exclusively as an intermediary in the field of aerospace and defense with U.S. or Western European principals -- "not from Eastern Europe or Russia," he added. He explained that 40 percent of FMS Aerospace's business derived from Israel Aerospace Industries' business jet division, which has since been canceled out following the recent economic downturn. Barak said FMS Aerospace deals exclusively with commercial aspects of any business venture, and has no interest in handling or storing controlled defense items. He noted that FMS Aerospace possesses no secure facilities to store such items; as an intermediary, FMS Aerospace simply facilitates contact between suppliers and buyers.

4. (SBU) Barak claimed little knowledge of U.S. defense export control regulations or restrictions involving USML controlled items. He noted that one of his principals -- L3 Communications -- had requested he obtain a U.S. brokering license. Barak said he has had no contact with the MOD's Defense Export Control Directorate, nor has he attended any training seminars on defense export control regulations

sponsored by the MOD. Barak said that he has applied for export control licenses in the past, but only encounters one or two cases per year requiring export licenses.

15. (SBU) Barak acknowledged that it was not clear to him why L3 Communications had asked him to obtain a brokering license; he was not aware, for example, that his company could appear on export licenses as an intermediary, although he claimed to have obtained export licenses in the past for tactical radio equipment. Barak stated categorically that he would just assume conduct business deals that did not require export licenses.

16. (SBU) Barak was surprised to hear from the embassy regarding his brokering license; he said he had "all but given up" the application process after experiencing payment difficulties. He provided copies of letters received from DTTC, noting that the checks he had sent from his Israeli bank would not clear. Barak did not think to contact his bank to determine whether it might possess U.S. subsidiaries, and prior to contact from the embassy, had opted to abandon his brokering application.

17. (SBU) Following the meeting with emboffs, Barak appeared willing to contact his bank regarding payment possibilities, or potentially to utilize an alternate bank with U.S. subsidiaries. However, he had several questions regarding FMS Aerospace's brokering application. In an August 16, 2009 letter, DTTC noted FMS Aerospace must pay USD 2,250 by September 30, 2009. A subsequent letter from DTTC dated August 26 indicated continued problems clearing FMS Aerospace's check from an Israeli bank, and requested it pay USD 1,750 via a U.S. bank by September 30. Barak asked about the application fee discrepancy, whether this fee was one-time or annual, and if it was still possible to pursue the application given the fact that the deadline had already expired. He stated, however, that he would not likely continue to pursue the application without a guarantee that the application would be approved.

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